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Thematic trust funds

Report on thematic trust funds

Summary

The report provides a summary of the thematic trust funds mechanism, programme orientation, and initial results achieved during the first year of implementation, with highlights of key lessons learned, main challenges, and the way forward. At the request of the Executive Board, an introductory presentation on the thematic trust funds was made to members of the Board at an informal meeting on 12 June; this report reflects some comments received during that session.

The Executive Board may wish to take note of the present report.

Contents

Chapter	*Page*
Executive summary	2
I. Introduction	2
II. Objectives and focus	3
III. Results and relationship to the results-oriented annual report	4
IV. Administration and funding	13
V. Conclusions and lessons learned	17
VI. Looking ahead	18

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Executive summary

1. The thematic trust funds (TTFs) were established in 2001 to help UNDP address the development priorities expressed in the multi-year funding framework (MYFF) while allowing donors to provide additional resources in support of these priorities, which are referred to as the UNDP practice areas. There are eight approved TTFs, seven of them corresponding to the practices (with separate funds for energy and the environment, respectively) with an additional fund covering gender for development.

2. While some of the TTFs performed better than others in the start-up phase, the introduction of the TTF mechanism has had positive results within UNDP overall. After approximately a year of operations, there are now two well-funded TTFs supporting country offices in generating significant results at the country level (the governance TTF and the crisis prevention and recovery TTF), while two remain unfunded and non-operational (the environment TTF and the gender and development TTF). The remaining four are in the start-up phase (covering poverty, HIV/AIDS, information and communication technology for development, and energy) and have only limited resources, supporting the process of catalysing country-level alignment with strategic corporate priorities. While the democratic governance TTF has completed two tranches and the crisis prevention and recovery TTF is making allocations as needs arise, most of the other TTFs will complete their first cycle in the third or fourth quarter of 2003.

3. The individual TTFs have enhanced thematic focus within the development of the practice areas. The provision of thematic resources through the TTFs and a reduction of the earmarking usually associated with non-core funding have enabled UNDP to launch more strategic initiatives at the country level, with an emphasis on least developed countries (LDCs). The TTF mechanism has provided an important means for the Bureau for Development Policy (BDP), the Bureau for Crisis Prevention and Recovery (BCPR) and programme experts in the regional bureaux to exchange views and develop joint programme support. The mechanism has also been a critical factor in building relations between policy advisors based in the sub-regional resource facilities (SURFs) and country offices. In addition, flexible, non-earmarked resources have been mobilized in line with the emerging practice focus. The results-oriented annual report (ROAR) has been used to capture results achieved through the TTF mechanism. The recently conducted revision of the ROAR is expected to improve and streamline reporting on TTF service lines.

4. This progress report draws on individual annual reports prepared by TTF managers based on the 2002 ROAR. Its purpose is to inform the Executive Board of the status of the TTF mechanism and program orientation and impacts to date. It also considers lessons learned and UNDP efforts to further develop the TTFs in support of strategic goals and development effectiveness.

I. Introduction

5. The thematic trust funds (TTFs) were established in 2001 as a new instrument to help UNDP address the development priorities expressed in the MYFF while allowing donors to provide additional (non-core) resources in support of these priorities, which are referred to as the UNDP practice areas: (a) democratic governance; (b) poverty reduction; (c) crisis prevention and recovery; (d) energy and environment; (e) information and communications technology for

development; and (f) HIV/AIDS. There are currently eight approved TTFs, seven of them corresponding to the above-mentioned practices (with separate funds for energy and the environment, respectively) with an additional fund covering gender for development. Seven of the TTFs are managed by the Bureau for Development Policy (BDP), while the crisis prevention and recovery TTF is managed by Bureau for Crisis Prevention and Recovery.

6. TTF guidelines require an overall annual report for each fund, prepared by the TTF managers and based on the ROAR and on financial reporting and providing details of the substantive accomplishments of each fund in 2001-2002. The present progress report draws from those annual reports, its purpose being to inform the Executive Board of the status of the TTF mechanism and resulting programmes. The centrepiece is a brief review of each TTF showing linkages to the strategic results framework (SRF) and the ROAR, with illustrative country or regional case study examples, as well as lessons learned regarding the TTF mechanism.

II. Objectives and focus

7. The TTF mechanism supports the UNDP reform programme in its design and through its objectives, including thematic focus; non-core resource mobilization and consolidated financial reporting; rapid disbursement and support for strategic initiatives.

Thematic focus

8. The TTFs are designed to help UNDP align and focus global, regional and country programmes around the six practice areas, while providing donors with an opportunity to demonstrate, through thematic contributions, their commitment to promoting intensifying the focus of UNDP programmes.

Non-core resource mobilization

9. The TTFs enable UNDP to access newly emerging thematic budget lines that donors have made available for thematic interventions but which are not available as core contributions due to their thematic link, and to help countries, particularly LDCs, access these funds. They are a complement in a three-part funding relationship with the donors, lying between core and non-core resources. The TTFs also facilitate consolidated financial reporting to donors.

Rapid disbursement

10. The TTFs are designed to permit simplified, rapid disbursement of funds for qualifying interventions. TTF interventions are articulated either through the simplified project document format or as a contribution to an existing project. Non-earmarked TTF funds are applied to global, regional or country projects that fit TTF criteria using the new, simplified procedures without the need for additional documentation, separate approval processes or special reporting.

Strategic initiatives

11. TTFs provide country offices with a source of discretionary funding for innovative strategic interventions. One of the criteria for funding regional or country TTF projects is that the project must be strategic or catalytic in nature and likely to lead to further, expanded programme activities in a manner that will significantly contribute to the alignment of core and non-core resources with the policy goals and objectives of UNDP.

III. Results and relationship to the results-oriented annual report

12. The resources channelled through the TTFs support the multi-year funding framework (MYFF) approved by the Executive Board. TTF reporting on results draws on the UNDP corporate planning and reporting scheme for results based management – the SRF and the ROAR. While the current TTF service lines contribute directly to achieving SRF goals, in some cases they do not correspond exactly. This is because the elaboration of the service lines succeeded the SRF goals. For example, in democratic governance, the service lines go beyond the existing SRF to shape the more assertive stance that UNDP has been asked to take in that area. Similarly, the crisis prevention and recovery practice has evolved significantly, and the TTF service lines have been updated accordingly. This does lead to challenges in consistent reporting, but the revision of the SRF and ROAR formats under the next MYFF cycle (2004-2007) will not only reflect and capture development priorities at the country level, but will also accommodate better reporting under the TTF service lines, resulting in closer alignment with UNDP-wide practice architecture.

13. While some of the TTFs performed better than others in the start-up phase, overall the introduction of the TTF mechanism has had positive results within UNDP. Below is an outline of the substance of each TTF, with examples of programme results achieved with TTF funding.

A. Democratic governance

14. The thematic trust fund for democratic governance (DG TTF) provides support for services under the six service lines outlined below. A review of the TTF annual project reports for 2002 indicates that the vast majority of projects reported achieving or exceeding expectations in terms of contribution to the SRF outcomes, and more than half reported successful mobilization of funds from international donors and NGOs as well as the respective national government.

15. Under the DG TTF, 80% of funds were allocated to country and regional projects, while the remaining 20% were allocated for practice strengthening and global programmes. In March 2002, BDP developed a work programme to: (a) operationalize the service lines; (b) establish programme tools, technical support, strategic partnerships and information sharing mechanisms for country offices; (c) support key events, knowledge management and codification opportunities, advocacy and communication; (d) implement a public information, partnerships and outreach strategy for the democratic governance practice as a whole, as well as for its service lines; and (e) plan policy and technical support for country offices as part of the practice network.

16. Activities under service line 1, *strengthening legislatures,* support SRF sub-goal 1.2.1 to ensure fair and inclusive democratic participation through the effective functioning of legislative procedures and processes. The DG TTF has supported legislatures in the earliest stages of transition and in the midst of conflict and difficult transitions. In Timor Leste, for example, it allowed UNDP to support the national parliament through a programme to train members of the parliamentary secretariat and other members of parliament directly on their roles and responsibilities. The funding also allowed for technical assistance in the design of a larger comprehensive programme.

17. Activities funded under service line 2, *electoral systems and process,* support SRF sub-goal 1.2.2. The TTF electoral projects typically seized the opportunity to build upon existing processes. For example, a project in Mali built on the recent experiences of the presidential elections in preparation for subsequent legislative elections. The project supported seminars for government officials and political parties, and consultations among government officials, political parties, NGOs and citizens. The rapid way in which UNDP could engage after the presidential elections greatly contributed to its coordinating role in the electoral reform process, and resulted in more efficient and less costly elections, greater participation by the electorate, and a National Forum in 2003 that is likely to lead to the adoption of a new electoral law. Additional resources were mobilized from international donors for a capacity building campaign in the area of civic education.

18. Activities funded under service line 3, *access to justice and human rights,* support SRF sub-goal 1.2.3. They received the bulk of DG TTF funding in 2002, with 29 country projects funded. The human rights portion also relates to SRF sub-goal 1.2.4, with a strategic focus that promotes human rights through the mainstreaming of human rights issues into development planning processes. The DG TTF supported, for example, a project for improving the efficiency and equity of the judicial system in Tajikistan. The project supported re-training judges, advocates and judiciary system personnel through targeted, on-the-job training programmes and the establishment of a legal education centre. The project also marked the first time the Ministry of Justice, the Presidential Department on Constitutional Rights, NGOs involved in human rights, and academics, worked together in close partnership.

19. Service line 4, *access to information*, is a relatively new and rapidly expanding area in development, and one in which UNDP is establishing a leadership role. In 2002, the DG TTF funded 12 programs, many of which involved improving dialogue between government and citizens and also work with the media. Under the DGT TF, pilot programs were tested. For example, in India, the right to information was applied to food security and urban governance issues by building capacity among senior government officials. Public hearings on food security in Kelwara and Rajasthan, and on urban development expenditure in Sundarnagari and Delhi, were the first of their kind in India.

20. Service line 5, *decentralization and local governance*, is one of the areas of growing support for the DG TTF, reflecting the rising interest in this area of governance. This service line relates most directly to SRF sub-goal 3. For example, the DG TTF supported a pilot programme to create a 'virtual fair' for the Latin America region. With the assistance of 15 country offices, the project worked with local government, business and civil society partners to establish a specialized website to systematize, codify and document local experiences for fostering democratic governance. The website was linked to the existing Latin American governance network information and knowledge system, which provides diagnostic services and reaches 30 000 subscribers in the region. It has a proven record in the creation of new modalities for capturing, codifying and disseminating knowledge, and has enhanced the role of UNDP as a substantive actor in the local governance arena in Latin America.

21. Activities funded under service line 6, *public administration reform,* support SRF goal 1, sub-goal 4, which includes support for accountability and transparency. The DG TTF funded a total of 13 country programs of this nature in all regions where UNDP is active, and many have taken an innovative approach in this sensitive area. An anti-corruption project in Mozambique for example, established a national forum for transparency and accountability in the public sector which meets regularly and includes Government officials, the public and media representatives. The forum is aligned,

through memoranda of understanding, with the criminal investigation police and the judicial training centre.

B. Crisis prevention and recovery

22. Until January 2003, the newly established BCPR managed 26 trust funds and sub-trust funds, which have now been integrated into the TTF for crisis prevention and recovery (CPR TTF). The CPR TTF has helped streamline the programmatic approach taken by UNDP to crisis prevention and recovery through the definition of the seven service lines outlined below, and has simplified the administration of non-core resources. The CPR TTF constitutes a consolidated instrument to support SRF goal 5, *special development situations*. The service lines of the fund were designed to address the development dimensions of crisis situations and the root causes of conflict, as well as to put in place enabling institutional, economic and social conditions to address them in the longer term. The TTF was used to administer capacity development grants earmarked to help establish BCPR and the crisis prevention and recovery practice, providing UNDP with the financial resources for a new strategic direction and organizational growth. The special grants were used to establish expert teams for each service line in BCPR, and country programmes funded through the CPR TTF benefit from targeted policy and implementation support from the teams. This arrangement contributes to strengthening the capacity of country offices operating in crisis situations.

23. For service line 1, *conflict prevention and peace-building*, support ranged from building national capacities for conflict resolution, and mainstreaming of conflict-sensitive tools in the country cooperation agreements (CCAs) and United Nations Development Assistance Frameworks (UNDAFs), to conflict analysis and strategic assessments. In the 2002 ROAR, the Guatemala country office reported on the consolidation of the peace and reconciliation process and its incorporation into the national development agenda as a key outcome of UNDP support in 2002. Similarly, the Nigeria office reported that community-based and national mechanisms for the peaceful arbitration of disputes were strengthened. Both countries received CPR TTF-financed technical support on conflict-sensitive planning. In Guyana, UNDP used TTF funding to develop a joint project with the Department of Political Affairs (DPA) and the United Nations country team to assist Government and civil society in addressing submerged but rising tension and violence. Subsequently, DPA contributed $500 000 to this initiative. The Guyana project demonstrates that United Nations coordination mechanisms can successfully deliver integrated strategies through the cooperation of the United Nations development and political arms.

24. BCPR receives increasing requests from country offices under service line 2, *recovery*, to assist in the preparation of strategic frameworks and recovery programmes that link relief to development. The CPR TTF helped finance expert support to more than 15 country offices and provided seed funding for the strengthening of national capacity and implementation of sector-specific programmes. In Indonesia, for example, the TTF funded an international expert to help adjust existing programmes and develop new ones. The relatively modest cost of the expert's time and missions was funded by the TTF, while non-core resources totaling $30 million were subsequently raised by the country office. In the 2002 ROAR report, the country office listed the increased capacity of political, social and economic structures to sustain processes of recovery and reconciliation as a main outcome of UNDP support to Indonesia.

25. Service line 3, *security sector reform and transitional justice*, promotes accountable, equitable, effective and rights-respecting, well-governed justice and security services in crisis countries. For example, in Kosovo the CPR TTF supported a new project for the establishment of a management support department for the Kosovo police service. Building on $100 000 in seed funding from the CPR TTF, UNDP mobilized an additional $2.5 million in support of the programme. In the 2002 ROAR report, the country office identified improved actual and perceived security and justice situation in Kosovo as a main outcome of UNDP support.

26. Service line 4, *small arms reduction, disarmament and demobilization of ex-combatants* builds on the trust fund for support to prevention and reduction of proliferation of small arms and light weapons, which was integrated with the CPR TTF. Funding under this service line focuses on sustainable, effective approaches for the reduction of armed violence in support of national peace-building processes. For example, in its 2002 ROAR the Somalia office reports that pilot schemes to increase control of civilian-held firearms and microcredit schemes for demobilized militia were developed, tested and evaluated, paving the way for a full-fledged programme. Already the pilot phase had strengthened the capacity of Somali institutions engaged in DDR activities. Under a global project funded under this service line, UNDP has been involved in weapons collection management and destruction activities in 17 countries, resulting in the collection and/or destruction of 73 718 small arms and light weapons and 2 158 117 rounds of ammunition, and improved stockpile management of 80 712 small arms and light weapons. The success UNDP has had in this area validates the strategy of making the fundamental interrelationship between human security and sustainable development the central axis for programming in small arms reduction and control, and the demobilization, disarmament and reintegration process.

27. Donors have traditionally funded specific projects rather than providing non-earmarked funds for *mine action*. With the introduction of the TTF mechanism and service line 5 for mine action, however, some donors have recently provided thematic funding, which has increased the capacity of UNDP to make strategic investments while ensuring an adequate distribution of available resources. The TTF made allocations to 12 mine action projects, and a special capacity grant funded technical support from which all 20 of the UNDP mine action programmes benefited. The establishment, with UND of the Croatian mine action centre, stands out as one successful effort to build national capacities; in particular, the centre coordinates the full range of mine action services that are required for the country to meet the national expectations and international obligations of a mine-free Croatia by 2010. The Croatia example also serves as an important confirmation that mine action is a development issue and that UNDP is well placed to help governments develop national strategies for mine action in support of their national development objectives. The establishment of the CPR TTF service line for mine action has helped UNDP streamline the approach to mine action and raise awareness among donors of the development dimension of the landmine problem – development activities cannot take place in affected areas unless the landmine problem has been comprehensively addressed.

28. Through service line 6, *natural disaster reduction*, TTF funds support full engagement throughout the disaster cycle, complementing the immediate response to natural disasters, which is generally kick-started with TRAC 1.1.3 core resources. As part of a system-wide effort to increase the capacity of regional organizations, CPR TTF funds were used to support organizations such as the Coordination Center for the Prevention of Natural Disasters in Central America (CEPREDENAC), the Caribbean Disaster Emergency Response Agency (CDERA), the Southern African Development Community (SADC), and the stability pact in south-eastern Europe. The ultimate objective is to mainstream disaster reduction into development and post-disaster recovery. At the national level, TTF resources have been utilized to assist Nicaragua and

Haiti, among others, in developing and approving national disaster reduction strategies. However, resources for capacity building in disaster reduction and recovery continue to be very scarce – a small percentage of those made available for emergency relief and reconstruction.

29. Service line 7 focuses on *special initiatives for countries in transition* and was started in 2002 by the Afghan Interim Authority Fund. Under the overall leadership of the Special Representative of the Secretary-General and within the framework of the United Nations Integrated Assistance Mission for Afghanistan. UNDP established the Afghan Interim Authority Fund as a special window of the CPR TTF. Over $73 million were contributed by 24 donors to support the fledgling Afghan Interim Authority, including all civil servant salaries, the convention of the Emergency Loya Jirga, emergency repairs of ministerial buildings and the establishment of special commissions under the Bonn Agreement. Based on the successful experience of the fund, UNDP institutionalized its commitment to engage in special initiatives in support of transitional governments. A permanent service line was established under the TTF as a standing modality for launching special initiatives at the request of the international community.

C. Poverty

30. In 2002, the thematic trust fund for poverty (Poverty TTF) provided additional, flexible resources for UNDP to support national poverty reduction strategies (particularly poverty reduction strategy papers – PRSPs), poverty monitoring and MDG country reports. Though limited, Poverty TTF funds contributed towards the effort to transform local project-level activities to national policy frameworks, in line with the upstream focus of the organization. The MYFF report documents this shift over 2000-2003 towards national poverty-reduction strategies and poverty monitoring linked to these strategies. In 2002 UNDP was actively engaged in support to PRSPs being prepared by 43 countries, up from only 11 in 1999.

31. The four service lines for the Poverty TTF are *benchmarking and monitoring poverty* (including the MDGs); *participatory processes*, *pro-poor policies* (particularly PRSPs), and *piloting and innovations*. The Poverty TTF concentrated financing on two overriding corporate priorities: monitoring progress of the MDGs and support to PRSPs. Over 86% of all funds were thus allocated to benchmarking and monitoring poverty and pro-poor policies. In addition, the standing committee gave priority to helping develop capacity for monitoring and policy formulation in LDCs and low-income countries. Nearly two-thirds of all funds went to low-income countries and over half to LDCs.

32. The quick-disbursing nature of these funds enabled UNDP to move quickly to help a number of countries finalize their PRSPs and produce national MDG reports. In this way, the Poverty TTF contributed towards efforts being made by UNDP to intensify the MDG campaign and accelerate progress towards the target of having all countries produce an MDG report by the end of 2004. Almost 40 reports have been completed and another 60 are under preparation. With TTF support, countries such as Bhutan, Kazakhstan and Lesotho have already launched reports and others, such as Lebanon, Mongolia and Syria are producing reports in 2003. In addition, several regional projects have also been launched, such as "Campaigning for the MDGs in Central and Eastern Africa" and "Capacity Building and Advocacy for Meeting the MDGs in the Arab States", in order to promote a broad public advocacy campaign.

33. Through service line 3, *pro-poor policies,* TTF support helped UNDP provide valuable advisory services on economic and social policies. It financed, for example, a case study on making economic policies more pro-poor as part of the PRSP exercise in

Sri Lanka, provided policy advisory services to the Economic and Social Council for formulation of PRSPs in Nicaragua, and developed capacity for PRSP preparation in Sierra Leone.

D. Information and communication technologies for development

34. The thematic trust fund for information and communication technologies for development (ICTD TTF) focuses on the three service lines outlined below, as well as on *e-governance* and *digital grants*. Given the limited resources available for first-tranche allocations, and the fact that 65% of applications were for service lines 1, 2, and 5, resources were allocated accordingly. Second-tranche allocations have prioritized service lines 3 and 4, but since most of the projects funded under the second tranche have only recently started implementation, the results are not reflected in the present report.

35. Service line 1, *national ICT for development strategies,* represents a key entry point for UNDP – the policy arena, where national ICTD strategies are a critical component. The UNDP contribution has been the promotion of ICT as an enabler for development that can be deployed to increase the delivery of basic services. Projects under this service line have contributed towards the strengthening of UNDP global policy focus by finalizing national ICTD strategies based on broad consultation processes, and mainstreaming ICT into development plans and goals such as poverty reduction strategies and the MDGs. For example, an ICTD TTF-funded programme in Azerbaijan led to a national ICT for development strategy, endorsed by the president of the country, which focused on enhancing the provision of public services to citizens.

36. Service line 2, *strategy implementation and capacity development (e-initiatives),* establishes the links between upstream and downstream ICTD programmes and policies. In principle, countries requesting assistance under this service line must have a finalized national ICTD strategy with programme and project priorities clearly identified. Projects under this service line have contributed to enhancing the delivery of ICT in areas as such as e-health, e-learning and capacity-building. An example is the InfoCentros programme in El Salvador, which provided access and trained many citizens in the use and sharing of development information resources.

37. Service line 5, *national awareness, promotion and stakeholder campaigns,* aims at increasing awareness among development stakeholders and decision-makers on ICT as an enabler for development, and connections with various emerging issues such as Internet governance, intellectual property and privacy and security issues. The aim was to assist countries in preparing their own responses to such issues from a development perspective. An example is the Romania pan-European ministerial preparatory conference of the World Summit on the Information Society (WSIS), which helped UNDP become an active contributor in the final ministerial declaration of the conference. At the global level, it helped UNDP become a key player in other WSIS regional conferences, such as Asia and Latin America, as well as helped UNDP to develop a corporate strategy for the global WSIS process.

E. HIV/AIDS

38. At the first regular session of the Executive Board in 2002, five service lines were endorsed as new areas of focus and corporate strategy on HIV/AIDS, including support to countries to meet commitments made at the General Assembly Special

Session on AIDS (UNGASS) in June 2001, and to implement the United Nations system strategic plan for HIV/AIDS. As co-sponsor of UNAIDS, UNDP contributes towards the creation of an enabling policy and resource environment to achieve UNGASS goals and MDGs, namely: (a) halting and reversing the spread of HIV/AIDS; (b) alleviating negative impacts on individuals, families, communities and systems; and (c) unleashing the highest human potential for hope, transformation and results. Recognizing the specific nature of the service lines under this fund, the steering committee emphasized the need for synergy among them to achieve the MDGs, and therefore encouraged countries to submit project proposals incorporating more than one service line.

39. The HIV/AIDS TTF is contributing towards efforts to support countries in developing and popularizing transformative methodologies, with a view to enhancing their capacity to respond to the challenges of HIV/AIDS. Projects were catalytic in that they brought together different sectors and stakeholders who would not normally work together. Some projects are now being replicated and expanded. Most notably, the leadership development projects, which incorporated all the service lines, have contributed to increasing awareness and understanding of the fundamental causes and drivers of HIV/AIDS; strengthening the institutional capacity and collaboration of leaders at all levels and across sectors in the strategic, coordinated response to HIV/AIDS; and increasing capacity for more effective leadership with greater commitment. For example, in Ukraine, the project brought together leaders including the vice-prime minister, the national AIDS commission, young people, the media, NGOs and people living with HIV/AIDS to generate innovative approaches that are needed for real and sustained impacts in the country. In light of this success, the leadership development projects will be replicated in 2003.

40. Through service line 1, *advocacy and policy dialogue*, the HIV/AIDS TTF targeted leaders at different levels to promote policy-oriented advocacy for leadership, coalition-building and national dialogue for an effective response to HIV/AIDS. TTF projects are contributing to increased commitment and leadership at various levels and sectors; the formulation and implementation of national development plans, sectoral plans and budgets that integrate HIV/AIDS; greater mobilization of communities, women's groups, people living with HIV/AIDS, and other civil society movements and participatory multi-stakeholder coordinating mechanisms. In Bhutan, for example, the TTF supported a decentralization project that resulted in the establishment of multi-sectoral task forces dealing with HIV/AIDS in 20 districts.

41. Through service line 2, *Capacity Development,* UNDP supports countries in developing the capacity of governments and civil society organizations to respond effectively to HIV/AIDS by strengthening national coordination and strategic plans, emphasizing decentralization and the effective mobilization of districts to work closely with communities. Using the transformative method, the HIV/AIDS TTF projects are contributing towards capacity development of leaders and critical stakeholders, including national and local governments, civil society, media, youth, religious organizations, and people living with HIV/AIDS. This in turn is leading towards innovative partnerships, dialogue and resource mobilization to address taboos, denial and sexuality; the development of effective strategic plans involving diverse stakeholders; and national capacity to access other funds, such as the Global Fund to fight AIDS, Tuberculosis and Malaria. For example, in Ethiopia the project targeted 250 Ethiopian leaders from all levels of society, contributing towards individual and collective changes of attitudes, values, assumptions and behaviours related to stigma, denial, taboo and the subjugation of women.

42. Through service line 3, *mainstreaming,* HIV/AIDS TTF projects were catalytic in contributing to the integration of HIV/AIDS into national development plans and poverty-reduction strategies. In China, for example, the project is helping to strengthen

the socio-economic planning capacity of the Leading Group Office for Poverty Reduction under the State Council of China (LGOPR) and affiliated institutions to include HIV/AIDS in mainstream poverty planning. LGOPR conducted a situation analysis and, based on the findings, policy recommendations were put forward to the leadership of LGOPR for mainstreaming HIV/AIDS in poverty alleviation programmes, recognizing the importance of multisectoral collaboration when addressing HIV/AIDS. The project also contributed to the broadening and integration of HIV/AIDS and the greater involvement of people living with HIV/AIDS in the planning and mobilization of additional resources. LGOPR provided RMB 10 million (about $1.2 million) to support such activities in poor counties.

43. Service line 4, *human rights,* promotes human rights as a normative and ethical framework for the response to HIV/AIDS, including provision of support for legislation protecting the rights of people living with HIV/AIDS and strategies that address stigma, discrimination and gender inequalities. The HIV/AIDS TTF projects supported these efforts by enhancing awareness, recognition and political commitment through reviews of national legislation, capacity development targeting women, and the creation of an enabling environment for greater involvement of people living with HIV/AIDS.

44. Service line 5, *information and multimedia technology,* focuses on large-scale information and awareness-raising interventions involving at vulnerable groups and populations. HIV/AIDS TTF projects are helping strengthen the capacity of local media (through service line 2) to address issues related to all the other service lines, thus reinforcing the achievements under them.

F. Energy

45. The thematic trust fund on energy for sustainable development (Energy TTF) supports the four service lines outlined below. In the first year of operation there was heavy demand for support, with over 120 proposals submitted by 92 country offices, while only 30 projects could be funded with the resources available. The linkage between outcomes from energy interventions according to the service lines and a range of UNDP corporate priorities has been clearly illustrated in the ROARs. The strategic impact to date of the Energy TTF on the energy activities of the organization overall, as reported in the ROARs, is threefold.

46. First, it is helping shift energy activities to address the energy-poverty nexus more directly, linking country-level energy interventions firmly to the MDGs and strengthening the position of UNDP to engage in upstream policy dialogue. The heavy demand for support in linking energy policies to national development frameworks, including the PRSPs, demonstrate the clear advantage that UNDP holds in this area.

47. Second, it is strengthening UNDP energy activities in LDCs, particularly Africa. The Energy TTF has mobilized significant demand, demonstrating the high relevance of energy issues in tackling development challenges in Africa, where historically UNDP has had the smallest energy portfolio. Notably, the interest in Africa to link energy to PRSP processes marks a major step towards integrating multiple development issues to the provision of energy services.

48. Third, it is proving a useful vehicle for mobilizing partnerships. It has contributed to the expansion of country-level operations related to the priority energy partnerships launched by UNDP at WSSD, namely, the Global Village Energy Partnership and the 'LPG Challenge', designed to promote the use of liquefied petroleum gas. It is expected that this area of activities will expand rapidly in the coming year as donor commitment to these partnerships continues to grow.

49. The first cycle of the Energy TTF tangibly demonstrated the high demand in UNDP country operations for support on strategic energy issues, and the opportunities to link energy to other development priorities, particularly poverty, beyond environmental issues. A brief illustrative overview of the Energy TTF interventions, as reported in the ROAR, is provided below.

50. Efforts in service line 1, *strengthening national policy frameworks,* are focused on incorporating sustainable energy issues into policy dialogues on macro-economic reform, energy sector reform and sustainable development planning. In Nepal, the national rural energy policy is being integrated (with support from the TTF) into poverty reduction strategies. In Burundi, the Energy TTF is providing strategic inputs into the formulation of a PRSP, looking at critical interventions to provide the poor with better access to productive opportunities as a means to attain the MDG on poverty.

51. Service line 2, *promoting rural energy services,* is focused on expanding access to rural energy services to meet people's productive needs, particularly those of women, who are disproportionately impacted by the lack of access to energy services in rural areas. In the Democratic People's Republic of Korea, the TTF intervention is helping develop a rural energy investment strategy as an element of the comprehensive national rural development strategy prioritized in the SRF/ROAR. In Slovakia and Hungary, as part of a strategic initiative to develop the capacity of local minorities, the Energy TTF-funded project is assisting the Government in promoting productive uses of energy for income generation activities. In Ghana, the TTF supports wider use of cleaner fuels such as liquefied petroleum gas for productive industries managed by women.

52. Service line 3, *promoting low-emissions technologies,* supports the introduction and adaptation of low-emission technologies. The TTF supports and complements UNDP-Global Environment Facility (GEF) national energy programmes by funding activities that are not eligible for GEF support, but which are essential for addressing local sustainable development needs. In Niger, the Energy TTF project is helping to build capacity to develop an integrated approach to national planning and policy frameworks on renewable energy, in line with the SRF/ROAR framework. While focused on environmentally sound technology, the activities are closely related to enhanced rural energy services, national policy development and financing facilitation.

53. Service line 4, *increasing access to investment financing*, focuses on enhancing the ability of developing countries to attract investment financing for sustainable energy options. UNDP supports efforts to shape, learn about and participate in new energy financing mechanisms, including the Clean Development Mechanism (CDM). In India, the TTF intervention is building upon experiences from an ongoing biomethanation UNDP/GEF project, focusing on assessing potential financing for sustainable energy options, a priority of SRF/ROAR. In Morocco, the Energy TTF intervention is supporting the creation of enabling regulatory and institutional environments to promote equity in the distribution of CDM activities. The TTF helps make CDM work towards national sustainable development – particularly for the poor – and as a result there is broad demand among UNDP programme countries for further efforts in this area.

G. Environment

54. The Environment TTF was not operational in 2002, due to lack of funds. This is significant in that 2002 was the year of WSSD, held in South Africa, had highlighted the importance of issues related to the environment and sustainable development.

55. The niche occupied by UNDP in the area of the environment lies in dealing with the intersection of poverty reduction, governance and natural resource issues, in particular how environmental assets impact the ability of people and communities to overcome poverty. UNDP is working on these issues at the global, regional and national levels, and the 2002 ROAR reflected the reporting of 142 countries on environmental programme support. In UNDP, the majority of such support is funded through the GEF and the Montreal Protocol, which are specialized environmental trust funds to support specific international environmental conventions. These mechanisms focus on the achievement of global environmental benefits. A significant gap exists in addressing local environmental issues; especially those linked directly to poverty reduction efforts and the local governance frameworks to manage natural assets in a sustainable fashion.

56. The energy and environment practice focuses on three additional environmental topics: effective water governance; sustainable land management and conservation; and sustainable use of biodiversity. UNDP is exploring the option of either merging the Energy TTF with Environment TTF to align with the Energy and Environment practice, or reformulating the Environment TTF to address the issues above more clearly and to further emphasize the distinct poverty and governance challenges associated with each. This would facilitate resource mobilization to fund key environment and development activities at the country level that are not eligible for GEF assistance. This includes support for some of the UNDP partnerships launched at WSSD in the areas of water, land and biodiversity.

H. Gender

57. In response to increasing demand for project funding from country offices that continue to support gender mainstreaming and the empowerment of women, a TTF on gender was developed and launched in November 2001, but due to lack of funds it remained non-operational. The service lines of the Gender TTF were formulated as strategic interventions, built on the experiences and successes of gender mainstreaming, and shared through the gender network and country offices. They are: *engendering policy*; *engendering legal frameworks*; *engendering institutions* and *indicators and methodologies*.

58. The primary source of UNDP funding for thematic activities on gender has been the Women in Development Fund, with about $6 million supporting national programmes that country offices did not have the capacity to fund. Given the challenge of mobilizing resources for the Gender TTF, UNDP is exploring other options that would result in gender being adequately captured across the other TTFs.

IV. Administration and funding

TTF oversight

59. To guide the use of the TTFs, policy board standing committees were established for all practices except the CPR practice. They oversee TTF operations and review allocations and progress on a regular basis. The committees build on the programme team concept and include representatives of the supporting units – BDP, the Bureau for Resources and Strategic Partnerships (BRSP), the Bureau of Management (BOM), the Operations Support Group (OSG) and the Evaluation Office – and the implementation units, including country offices and regional bureaux. Standing committees are chaired by 'champion' Assistant Secretaries-General (ASGs), and have

broad representation from top management, so that all policy-related TTF decisions are taken in a fully consultative, inclusive manner. BDP acts as secretariat to the standing committee. Management arrangements follow from and elaborate on the relevant text contained in the 'Operational aspects' section of each TTF document. The programme teams, comprising members of BDP and the respective regional bureaux, with the delegated authority of the standing committee, together give final approval on resource allocations.

60. In terms of TTF oversight, the role of each standing committee is to:

(a) Approve the TTF narratives and service lines, as spelled out in the documentation prepared under the leadership of BDP;

(b) Approve general criteria for accessing TTF funds in terms of grant size and prerequisites;

(c) Conclude final approval of resources allocated under the global window of the TTFs;

(d) Oversee TTF performance with respect to funds utilization and results obtained, ensuring timely reporting through ROARs;

(e) Authorize the withholding of TTF allocations for under-performing (or non-performing) offices.

61. The administration and oversight of the Crisis Prevention and Recovery TTF differs from the others so as to permit the rapid decision-making indispensable in a crisis context. All programmes and projects supported by the TTF for Crisis Prevention and Recovery are appraised and approved directly by BCPR on a fast-track basis. The appraisal is guided by a selection of focus countries in need of programmes. The selection is carried out in close coordination with the regional bureaux, taking into account the activities of the United Nations Framework for Coordination, which focuses on early prevention of conflicts.

Contributions

62. *Please refer to Table I.* All non-earmarked contributions for a given TTF are channeled through the TTF global window. Within the global window, BDP aimed to allocate 80% of funds to country offices and regional initiatives and the remaining 20% to global programmes and practice strengthening. Thematic contributions earmarked for a specific service line are directly channeled to that service line. Donor contributions to the global windows and service lines are negotiated by BRSP, BDP or BCPR and allocated to country, regional, interregional or global programmes according to criteria approved by the relevant TTF standing committee or approval committee. Funds earmarked for specific country or regional projects are channeled through the country or regional window and allocated directly to the project. Donor contributions to a TTF country or regional window can be negotiated directly by the resident representative or regional bureau, as appropriate.

63. A number of donors made contributions to the TTFs during the period 2001-2003. The majority of contributions to date, except for some of those to the Crisis Prevention and Recovery TTF, were made either as contributions to the overall trust fund theme or through specific service lines.

Allocations

64. *Please refer to Table II.* The overriding principle of the TTF is to facilitate the access of country offices and regional bureaux to flexible funds in order to ensure timely

delivery of UNDP assistance. TTF proposals are approved based on the following minimum criteria:

(a) They should relate to the strategic goals as defined by the service lines and the SRF;

(b) They are catalytic in nature, with a high potential for further or expanded activities with the target constituency in a manner that significantly contributes to The goals and objectives;

(c) They have a strong element of innovation or experimentation, exploring new ways for the UNDP to do business while building on UNDP experience and lessons learned.;

(d) Allocations are provided as seed funding for immediate implementation. (For BDP-managed TTFs, this includes one-year projects ranging from $25 000 to $350 000. BCPR also makes larger allocations.);

(e) For subsequent proposals, rate of implementation and evidence of impact along with good reporting are prerequisites;

(f) Finally, to ensure policy coherence, BDP and BCPR are involved in the local project appraisal process. Usually this would be achieved through the SURF-based advisors.

65. Each TTF developed further criteria based upon concerns particular to that development topic or theme. For example, the Democratic Governance and HIV/AIDS TTFs placed an emphasis on regional distribution, with a particular focus on LDCs. Others, such as the ICT for Development TTF, focused primarily on the quality of each country or regional proposal or need established, with no regional or income limitations or quotas. In cases of limited funding, emphasis was placed on projects that supported one of the two most strategic service lines. Collectively, over 56% of total TTF resources were allocated to LDCs and Africa.

66. The Democratic Governance TTF allocated funds based upon a calendar year cycle and is the only TTF to have completed two tranches. The CPR TTF makes allocations throughout the year in line with its focus country strategy and in flexible response to emerging needs. For most of the other TTFs, the first cycle will end in the third or fourth quarter of 2003.

Table I: 2001-2002 contributions

Thematic trust fund	Total contributions[1] 2001-2002 (in US dollars)	Thematic contributions											Earmarked contribution[4]
		Netherlands	Denmark	Switzerland	U.K.	Japan	Germany	Norway	Finland	Italy	Ireland	Monaco	
Democratic Governance	**23 279 944**	6 675 767	0	0	0	0	995 889	15 301 722	306 566	0			0
Energy	**5 048 885[2]**	0	0	0	0	0	0	5 038 885	0	0		10 000	0
HIV/AIDS	**6 652 768**	6 652 768	0	0	0	0	0	0	0	0			0
ICT	**5 303 858**	0	0	0	0	4 964 909	0	0	0	0	338 950		0
Poverty	**10 591 880**	6 633 665	0	0	0	0	3,958 215	0	0	0			0
Crisis prevention and recovery	**165 346 775[3]**	4 565 754	394 515	357 143	17 355 190	0	2 926 252	3 889 924	0	1 613 899			134 244 098
Total	**192 944 166**	24 527 954	394 515	357 143	17 355 190	4 964 909	3 884 470	24 230 531	306 566	1 613 899	338 950	10 000	134 244 098

Table II: 2001-2002 allocations

Thematic trust fund	Total allocation[5] (in US dollars)	Allocations to country and regional projects					Allocations to practice-strengthening and global programmes	LDCs & Africa
		Africa	Arab States	Asia and the Pacific	Europe and the Commonwealth of Independent states	Latin America and the Caribbean		
Democratic governance	20 057 000	6 184 000	1 620 000	2 181 000	2 832 000	2 500 000	4 740 000[6]	8 380 000
Energy	2 099 700	640 000	200 000	500 000	623 000	136 700	0	1 347 000
HIV/AIDS	6 262 055	1 630 000	400 000	960 000	680 000	760 000	1 832 055	2 390 000
ICT	972 500[7]	375 000	140 000	197 500	130 000	130 000	0	435 000
Poverty	10 599 133	4 156 657	806 212	2 073 442	1 245 500	1 238 640	1 078 682	5 425 577
Crisis prevention and recovery	152 329 807	34 298 372	7 848 876	80 075 670	3 986 769	14 359 568	11 760 552	89 430 035
Total	**201 072 702**	**47 284 029**	**11 015 088**	**85 987 612**	**9 497 269**	**19 124 908**	**62 071 295**	**107 407 612**

[1] Figures are calculated with accrued interest for 2001 and 2002.

[2] Figure includes contribution of $2 773 572 received at end of 2002 for allocation in 2003.

[3] Total contributions received include $73.4 million earmarked for the Afghanistan Interim Fund Authority.

[4] Total contributions earmarked for specific projects/countries.

[5] Figures provided are net of general management services (GMS) of 5%.

[6] The practice-strengthening and global programme portion of the global window has been programmed to cover the second half of 2002 and 2003.

[7] Includes only first-tranche allocations and excludes $2.8 million managed under a special arrangement with the donor.

V. Conclusions and lessons learned

67. While some of the TTFs experienced operational difficulties during the startup phase, a number of common positive elements have emerged. The individual TTF documents have served to communicate thematic focus within the emerging practice design of UNDP as a whole, and the quick-disbursing, catalytic funding provided through the global windows of the TTFs have provided additional, if limited, resources to launch strategic initiatives at the country level.

68. The programme team approach that mediates the funding allocation under the TTF mechanism led to increased knowledge sharing amongst BDP, BCPR and programme experts the regional bureaux and led to joint programme support. The TTF mechanism has been a critical factor in building programme relations between BDP and BCPR policy specialists, as well as between country offices and policy specialists associated with the SURF system. In many cases, this has provided the basis for further substantive collaboration on programme development funded through the target for resource assignment from the core (TRAC). As a mechanism to support matrix management, thematic programme alignment and practice development, the TTFs have been uniquely effective. Additional, flexible resources have been mobilized in line with the emerging practice focus, and ROARs are starting to reflect the impact of the TTF mechanism.

69. A major challenge is that of resisting organizational tendencies to revert to 'entitlement-based' approaches to resource allocation for a funding mechanism that is designed to be strategic in nature, responding to opportunities where they exist based on specific development criteria. Having resolved the initial challenge of striking the right balance between ensuring a rapid, simplified approval process and maintaining programmatic quality to achieve strategic results, internal discussions are underway to refine the approval process.

70. Financial reporting on TTFs has also been challenge for UNDP, particularly because the system used by the organization is not equipped to provide real-time expenditure information. There is currently a six-month lag from the time data is entered at the country level to the time it is processed and verified at headquarters. Until the new Enterprise Resource Planning system is fully operational in early 2004, this will continue to be the case. In the meantime, the simplified project reporting system already in place makes it possible for UNDP to continue providing up-to-date information on substantive results.

71. Finally, donor desires to further earmark contributions to specific countries are manageable within the design of the funding mechanism, but less desirable from a programme country point of view as well as from the perspective of the practices. UNDP can allocate non-earmarked resources to reflect demand and to bolster its learning and strategic agenda, and more countries can apply for these funds. The country offices have yet to explore the potential of using the TTFs as a resource mobilization tool at the country level. The tendency to channel those donor resources that are exclusively available as country-level cost-sharing contributions through the TTFs, however, will continue to increase. UNDP is refining its ability to consolidate programming, reporting and learning around the practice concept.

VI. Looking ahead

72. During 2003 both the MYFF and the SRF, which forms the basis for the ROAR, will be redesigned to better reflect current demand from UNDP programme countries. At the same time, the practice architecture underpinning the TTFs, as well as the service line concept upon which the TTFs are based, will be reflected in the design of these corporate planning and reporting tools, resulting in the further alignment of funding, programming and reporting mechanisms within UNDP.

73. The extra effort needed in communication between multiple parts of UNDP to make the matrix model of TTF programming work has introduced a high transaction cost, proportionally, for those TTFs with fewer resources. For the TTF mechanism to be sustainable, to achieve the development objectives for which the mechanism was intended, and to reduce the transaction costs experienced to date, more programmable resources and greater predictability in resource assignment will be needed. UNDP, for its part, will strive to mobilize additional resources at the global and local levels, leveraging on existing partnerships and seeking new and strategic partnerships that will provide avenues for further resource mobilization.

74. Based on the positive outcomes achieved to date and the usefulness of the mechanism as a means to catalyse thematic focus around the new practice-based development focus, UNDP will continue to promote and support the TTF mechanism.